

CUSTOMS COMPROMISES

Details and Washouts—How They Are Managed—A Few Promises and Interest.

The matter of compromise of funds upon the customs revenue appears of late to be exciting considerable interest and a good deal of comment in this public press—comment in which, as a rule, ignorance of the facts and a desire to cavil at the administration of the New York custom-house, and the character of its officers are the chief motives.

The *New York Evening Post* mentions three heavy importers of sugar houses caught in the toils, from one of which the Government claimed \$75,000 and from the other, from another owner, \$75,000, and from the third, of which it demanded \$100,000. The first owner was not satisfied. Another, a dry goods house, was prosecuted for a slight fraud of \$60,000, and escaped by paying a fine of \$10,000.

Some officials, who go unmentioned, are charged with the management of the washouts.

It is true that the sums accepted seem to be disproportionately to the amounts demanded or received by the customs officers for the services of the court. But a correct understanding of the facts

the discovery of large frauds on the revenue by certain importers, accomplished by means of undervaluation of merchandise on entry. The revenue authorities have been obliged to go back to before and certify by the consular officer nearest to the port of shipment to the United States, the actual cost of the merchandise at the time of shipment, with all charges thereon, or the true market value of the same, and *ad prima facie* evidence that the merchandise is of the value stated.

Undervaluation is easily accomplished without fraud, and it is not apparent that the action of the appraisers, by means of false invoices or fraudulent samples furnished by the shipper to the importers, and procured by them to the appraisers, is a material factor in the undervaluation of the true value of the goods, discover them to have been undervalued, it becomes his duty to report the same to the collector, and amounts to 10 per cent. of the invoice price, 20

The goods having thus been regularly admitted to entry and payment of duties, and having been sold at public auction, it was found that the goods were the result of chance information, difficult and expensive to "work up," and that the defendant's "good" applies so at his own risk and expense, and if successful, is justly entitled to some reward, beyond his three dollars per item, for his extra services. It was held that as the defendant had no character described, it works a forfeiture of the goods undervalued; or, if they have "gone into commerce," they are forfeited to the government to be disposed of as other forfeitures for violation of the revenue laws. If that value is over \$200, the case is reported, with all the evidence produced, to the United States Attorney for prosecution in the United States District Court.

above referred to by the New York Evening Post are such cases, and the informant whether special agent or not, is not to be a party to them, and could have had no more authority to compromise the case than the editor of the Post, or any other private citizen, as will be presently shown.

Under the act of March 3, 1903, section 10, claims in favor of the United States can be compromised only by the President, or by the Secretary of the Treasury, or by the Attorney General, or by the recommendation of the Solicitor of the Treasury, together with that of the district attorney, if the claim or case is pending in court. The act further provides that no compromise for a moiety or any share of the proceeds, nor, with the exception of the District Attorney, to any other person, shall be made, and that the interest of the Government shall not be thereby lessened but never increased by compromising the case instead of carrying it to judgment, and their only consideration in making a compromise shall be the interest of the Government.

The actual loss to the Government in a case of

total value, but the law demands the forfeiture of the entire value of the goods.

The Government is satisfied by jury, and it has been found extremely difficult to obtain a verdict of a jury for the full amount in favor of the Government, even in case of the most glaring frauds. The jury are often so influenced by the duties actually lost and the value of the goods forfeited. In view of this difficulty and the fact that the Government is not allowed to compromise, it sometimes becomes advisable to compromise the suit.

It is believed that no proposals have been made by innocent parties to pay any sums of money to the Government or its officers to compromise frauds that they had not committed, secured by a release of the Government. The Government is so easily proven before a jury of their peers, whose sympathies are almost invariably in their favor. It is furthermore believed that so long as the Government is not allowed to compromise, no frauds have been allowed to go unpunished. If

Treasury Department would be promptly acted upon. The *Post* labored under a grievous misapprehension, and the Treasury Department, in its discussion in stigmatizing them as the "compounding of crimes," since the Secretary of the Treasury had no authority to compromise criminal offenses, and the Government was not bound against the parties involved; and it is distinctly stated in the acceptance of all compromise suits that the Government is not bound against such criminal proceedings or penalties, which proceedings, indeed, may be brought on the information of any private citizen before the Federal grand jury. If the suit is compromised in these suits for undervaluation the only thing compromised is the claim of the Government to the full value of the property, and the suit is not brought, and the amount accepted has no further reference to "fees and moisture" than to secure to the Government the full value of the amount of duties of which it has been defrauded.

giving them the hands of special agents," simply shows, to give the most favorable construction to the Government, that the Government takes to treat, of since, as has been shown these matters all take a definite, open, legal course, and are settled by high officials of the Government. It is not a matter of the Government's interest in the case, and whose integrity is now suspicious. Whether the symptom of a Government's policy is the Government's earliest days of the Government is wise, or whether the forfeiture of a whole invoice of merchandise is a punishment for a fraud, offending of small extent, is just a matter to be discussed by those interested; but at all events the present Administration of the Government is not responsible for the system in question or the laws denouncing such forfeitures.

river at New York, bringing the contract treaty between the United States and the Mexican Republic for the construction of the canal to the Commission, and it may be expected that as an early day the business of the commission will be resumed. The commission was established by the act of Congress of March 3, 1847, which expired in February, 1873, and has now been extended for two years more from that date. Under the act of 1847, the commission was to determine the number and magnitude of the claims, for the examination of which the period originally fixed was wholly inadequate. The claims of the United States against Mexico filed with the commission was 1,011, and the whole number of Mexican claims against the United States making nearly 9,000 in all. This is more than four times the whole number of cases before the American and British Claims Commission, and more than twice the number before the Mexican Commission and that of the American and

require further time as much time as the American and British Commission for the transaction of its business. The American Commission has been the complainant by some persons as to pretended want of dispatch by this commission. The sum of \$200,000 has been paid to the American Commission, and \$216,000 is still remaining to be acted on. The number of claims disposed of was 10,000, leaving to be acted on 300,000. The number of claims for which favorable awards have been made, 87; amount of awards in the same cases, \$504,706. The amount claimed was \$3,850,000. Number of claims for which unfavorable awards have been made 107, and amount of awards made in the same, \$56,520. The amount claimed was \$1,949,000. The amount of awards made in the same, \$1,000,000. The amount of claims against the United States is on account of incursions by American Indians into Sonora, Sinaloa, Chihuahua and Durango, which have been made by the American Commission, which has been acted on, by the incursion of Mexican Indians.

Corn and Cotton Crops in the South.
Taking the whole of the South together it is readily seen that their corn crop is likely to be large, not in spite of, but on account of the continued rains, for on the thin soil of their uplands moisture is the chief needed element. Cotton is certainly suffering both from excess of moisture and from the rapid growth of grass,